

Instructions for SB 740 Funding Determination Form

The SB 740 funding determination form is not final until the SB 740 permanent regulations are reviewed and approved by the Office of Administrative Law; however, nonclassroom-based charter schools may submit the form immediately. Although no changes to the form are anticipated, should there be any changes, charter schools that submitted the incorrect form will be required to resubmit.

General Instructions

1. Unless otherwise indicated, all financial information shall be presented using the definitions in the California School Accounting Manual (CSAM). (Note: CSAM can be downloaded from the California Department of Education (CDE) Web site at <<http://www.cde.ca.gov/fiscal/sacs/csam>>.)
2. **For charter schools that operated in the prior fiscal year:**
 - The financial and other required information provided in Sections III and IV shall be for the prior fiscal year.
3. **For charter schools that did *not* operate in the prior fiscal year:**
 - The financial and other required information provided in Sections III and IV shall be reasonable estimates of annualized current year information.
4. **To report the deferral of funding for various programs, including the 2002-03 Second Principal Apportionment, from 2002-03 to 2003-04, please do one of the following:**
 - If you operated your programs as usual in 2002-03 (i.e., you did not cut or defer any program expenditures), you should record all deferred state revenue on the 2003-04 funding determination form, even though you did not receive it in 2002-03. However, if you cut your programs or deferred expenditures in response to the deferral of state revenue, you should record as revenue only the amount of deferred apportionment that you needed to operate your program during the 2002-03 school year. For example, if you cut your program by 25 percent in response to the deferred apportionment, you may decide to only recognize 75 percent of the deferred revenue on the funding determination form. However, you must let us know how you are handling deferred state revenue on the funding determination form and how much deferred revenue from 2002-03 will be reported in 2003-04. If all deferred revenue is not reported on the 2003-04 funding determination form, the remaining deferred funds must be reported on the 2003-05 funding determination form. Additionally, if you do not report all deferred revenue from 2002-03 on the 2003-04 funding determination form, it may be a factor in whether or not you are recommended to receive a multi-year funding determination.

5. If you plan to cite one or more mitigating circumstances as the reason for not meeting the percentage criteria required for 100 percent, submit all documentation supporting your request with your original form. CDE staff may have follow-up questions, but will not prepare your case for you. This will also expedite the processing of your form.

Financial Information

A. Resources Available for Expenditure

1. Revenues and Other Financing Sources

1a. Federal revenue includes:

- All revenues from federal sources

1a(i). Identify total revenues from Public Charter Schools Grant Program start-up, implementation, and dissemination grants.

1b. State revenue includes:

- All revenues from state sources

1c. Local revenue includes:

- In-lieu property taxes
- All donations, fees, interest

1c(i). Identify amount of in-lieu property taxes.

1d. Other Financing Sources includes:

- Proceeds from sale of property
- Proceeds from debt
- Transfers from lapsed/reorganized districts
- Transfers from other funds

1e. Subtotal includes:

- The sum of lines 1a, 1b, and 1c, and 1d

2. Ending Balance From Prior Fiscal Year

- The ending balance from the prior fiscal year includes the sum of the charter school's ending balances of federal, state, local, and other financing sources funds.

3. Total Resources Available for Expenditure includes:

- The sum of lines A1e and A2.

B. Expenditures and Other Financing Uses

1. Instruction and Related Services includes:

- Activities dealing with the interaction between teaching staff and regular and special education students, without regard to the instructional location or medium (e.g., classroom instruction, independent study, home/hospital study, computer/distance-based study).
- Services that provide administrative, technical, and logistical support to facilitate and enhance instruction (e.g., supervision of instruction, library/media/technology services, development of curriculum, and school site administration/principal). In situations where one person performs several functions at a charter school, the school may choose to split that person's salary and benefits between the functions in proportion to the time served on each function. For example, the school site principal may also provide general administration for the charter school. The school may choose to split that person's salaries and benefits 70 percent to school site administration and 30 percent to general administration, or whatever the proportion of time the person spent in each role. Services in direct support of students (e.g., counseling, health services, physical/occupational therapy, home-to-school transportation, and food services).
- School-sponsored extra-curricular or co-curricular activities designed to provide students with experiences such as motivation and enjoyment and improvement of skills in either a competitive or noncompetitive setting (e.g., athletics, music/band/choir, debate, public speaking, and student service to the community).

- 1a. Salaries and Benefits include those for teachers, aides, specialists, and other personnel who are employees of the charter school and provide direct instruction or related support services to students (e.g., counselors, nurses, physical/occupational therapists, bus drivers, and food services personnel). Personnel costs associated with school-sponsored extra-curricular or co-curricular activities designed to provide motivation and enjoyment and improvement of skills or personal development in either a competitive or noncompetitive setting (e.g., athletics, music/band/choir, debate, public speaking, and student service to the community) are also included. Certificated employee salaries and benefits are for all instruction and related employees who possess a valid certificate, permit or other document equivalent to that which a teacher in other public schools would be required to hold from the Commission on Teacher Credentialing. (Note: This is not consistent with the definition in the California School Accounting Manual, which defines certificated salaries as those for positions requiring a credential.) "Employees" in this category also include: 1) special education instructors who possess a valid certificate, permit, or other document equivalent to that which special education teachers in noncharter public schools would be

required to hold from the commission on Teacher Credentialing, and who provide instruction to pupils of the charter school pursuant to a contract with a public or private entity; and 2) individuals who possess a valid certificate, permit, or other document equivalent to that which the individuals would be required to possess in a noncharter public school, issued by the Commission on Teacher Credentialing, and who are employed by a local education agency (LEA), provided all of the following conditions are met: a) the LEA is the employer of all the charter school's staff; b) the governing board of the LEA is the governing authority for the charter school (i.e., the charter school is not a corporate entity separate from the LEA); and c) the LEA's employees are assigned exclusively to work at the charter school or, to the extent that the LEA's employees are assigned to work at the charter school on a part-time basis, the charter school pays for the services rendered on a documented, fee-for-service basis and not, for example, on the basis of a fixed annual amount, fixed percentage of average daily attendance revenue, or other basis that is not related to documented services actually rendered to the charter school. Under no circumstances shall certificated employees of an LEA be considered employees of a charter school for purposes of this category unless the charter school pays for the services rendered by the LEA's employees on a documented, fee-for-service basis. Classified salaries and benefits are those for positions that do not require a credential.

- 1b. Books, Supplies, and Equipment include approved textbooks, core curricula materials, instructional or related books and reference materials, instructional or related materials and supplies, food for food services, fuel, oil, tires, and parts for buses, instructional or related vehicles/machinery, computer hardware and software, and playground equipment.
- 1c. Services and Other Operating Expenses: Contracts for instructional services include those for teachers, aides, specialists, and other personnel that provide direct instruction to students pursuant to a contract with a public or private entity. These contracts should exclude those for special education instructors who possess a valid certificate, permit, or other document equivalent to that which special education teachers in noncharter public schools would be required to hold from the commission on Teacher Credentialing, and who provide instruction to pupils of the charter school. Those special education contract amounts should be reported on Line 1a. Contracts for instructional support include those for personnel that provide related support services to students (e.g. counselors, nurses, physical/occupational therapist, bus drivers, and food services personnel). Contracts for personnel costs associated with school-sponsored, extra-curricular or co-curricular activities designed to provide motivation and enjoyment, and improvement of skills or personal development in either a competitive or noncompetitive setting (e.g., athletics, music, band, choir, debate, public speaking, and student services to the community) are also included. All other instruction and related services and other operating costs include travel, conference, and professional development costs for instructional or related personnel,

instructional or related professional or consulting service contracts, instructional or related equipment rents, leases, and repairs, instructional or related communication costs, insurance for school buses, and special education excess costs paid to another agency.

- 1d. Subtotal instruction and related services includes the sum of lines 1a, 1b, 1c, and 1d.

2. Operations and Facilities includes:

- Activities concerned with securing and keeping open and working the physical plant, grounds, and equipment necessary for the operation of the school (e.g., custodial, janitorial, maintenance, grounds keeping, and security).
 - Facility rents, leases, and utilities. Property and liability insurance costs are not included here, but rather in Administration.
 - Facilities acquisition and construction costs.
- 2a. Salaries and benefits for personnel that provide plant maintenance and operational services (e.g., janitors, gardeners, custodians, grounds keepers, security personnel and other plant services personnel). Certificated salaries and benefits are for all operations and facilities employees who possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold from the Commission on Teacher Credentialing. Classified salaries and benefits are for those employees who do not possess a certificate, permit, or other valid document from the Commission on Teacher Credentialing. (Note: This is not consistent with the definition in the California School Accounting Manual, which defines certificated salaries as those for positions requiring a credential, and classified salaries as those for positions not requiring a credential.)
- 2b. Books, Supplies, and Equipment include materials, supplies, and equipment that are needed to keep the physical plant and grounds open, clean, comfortable, and in working condition and a state of repair (e.g., custodial supplies, gardening and maintenance supplies, supplies for operation, repair and upkeep of equipment or buildings and grounds, and other plant services supplies and equipment).
- 2c. Services and Other Operating Costs include facility rents, leases, utilities, and repairs.
- 2d. Facilities Acquisition and Construction Costs include costs of acquiring land and buildings, remodeling buildings, constructing buildings, additions to buildings, and site improvements.
- 2e. Subtotal operations and facilities includes the sum of lines 2a, 2b, 2c, and 2d.

2e(i) and 2e(ii). Classroom and Nonclassroom Operations Costs To determine the appropriate breakdown, actual costs may be used, square footage of the respective facilities, or any other reasonable method of estimation, provided the methodology can be supported. Classroom and instruction-related space includes rooms used primarily for instruction (i.e. classrooms), libraries, and laboratories (e.g. computer and science). Nonclassroom and noninstruction-related space includes administrative offices, teachers' offices, cafeterias, conference rooms, supply and other storage rooms, and nurses' and counselors' offices.

3. Administration and All Other Activities include:

- Activities concerned with establishing and administering policy for operating the entire charter school, such as the governing board, director and administrative staff. In situations where one person performs several functions at a charter school, the school may choose to split that person's salary and benefits between the functions in proportion to the time served on each function. For example, the school site principal may also provide general administration for the charter school. The school may choose to split that person's salaries and benefits 70 percent to school site administration and 30 percent to general administration, or whatever the proportion of time the person spent in each role.
- Other general administration activities such as payroll and accounting services, auditing and legal services, property and liability insurance, personnel, charterwide telephone service and data processing services. This does not include instructional administration activities.
- Supervisorial oversight fees charged by the chartering authority.
- All other activities such as community services or activities of an enterprise-type nature.

3a. Salaries and benefits include those for individuals who provide general administrative services to the overall charter as a whole, or who provide community services or other services not reported elsewhere. Certificated salaries and benefits are for all administrative employees who possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold from the Commission on Teacher Credentialing. Classified salaries and benefits are for those employees who do not possess a certificate, permit, or other valid document from the Commission on Teacher Credentialing. (Note: This is not consistent with the definition in the California School Accounting Manual, which defines certificated salaries as those for positions requiring a credential, and classified salaries as those for positions not requiring a credential.)

3b. Books, Supplies, and Equipment include books and reference materials, supplies, vehicles, machinery, or computer hardware and software used

in general administration, community services, or activities not reported elsewhere.

- 3c. Services and Other Operating Expenses include travel, conference, and professional development costs for administrative personnel, community services personnel or other personnel reported in this category; professional or consulting service contracts; equipment rents, leases and repairs; communication costs; and property and liability insurance costs. If any or all of these services are provided to the charter school through a contract with an educational management organization or any other public or private entity, the total contract amounts should be separately identified.
- 3d. Supervisory oversight fees include expenses related to compensating a charter-granting agency for costs of monitoring the performance of the charter school and engaging in the charter renewal process. These costs are capped at actual costs, not to exceed 1 percent of the school's revenue (3 percent if a charter-granting district provides rent-free facilities) pursuant to *Education Code* Section 47613. Subtotal administration and all other activities includes the sum of lines 3a, 3b, and 3c.

- 4. **Other Outgo and Other Financing Uses** includes debt service, transfers to a school district or county office of education, and transfers to other funds. The amounts for debt service and transfer to district or county should be separately identified.

C. Excess (Deficiency) of Revenues Over Expenditures

- 1. **Total Excess Revenues** equals the difference between the total resources available to the charter school for expenditure, and the total expenditures of the charter school.
 - 1a. Reserve Required by the Charter-authorizing Agency includes the amount that the charter school is required to hold for economic uncertainties or any other reason.
 - 1b. Reserve for Facilities Acquisition or Construction includes the amount that the charter school is saving to purchase or build a facility.
 - 1c. General Reserve/Designated for Economic Uncertainties includes the amount the charter school voluntarily holds for economic uncertainties. This amount may be in addition to or instead of the reserves the charter school is required to hold by the charter-authorizing agency reported on Line 1a.
 - 1d. Other Reserves includes all other unexpended resources of the charter school.